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MONTANA CONSOLIDATED PLAN ANNUAL ACTION PLAN

This document is provided for public review

Dates and locations for Consolidated Plan Public Review Meetings are as follows:

12/12/96	**Hamilton**	**2:00 - 3:30**	**Hamilton Courthouse 205 Bedford**
12/17/96	**Malta**	**9:00 - 11:00**	**First State Bank of Malta 1st S 1st East**
12/18/96	**Laurel**	**9:00 - 11:00**	**Laurel Public Library 920 12th Avenue**

If you are unable to attend one of the above meetings and would like to provide written comments on the Consolidated Plan, please have postmarked by December 31, 1996.

You may direct all comments to:

Connie Onstad
Consolidated Plan Coordinator
PO Box 200545
Helena, MT 59620-0545

For Plan Year Beginning April 1, 1997
Prepared in Conjunction with the Montana Consolidated Plan Update

Draft Report for Public Review
November 1996

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INTRODUCTION

The Consolidated Plan Annual Action Plan is designed to meet the requirements set forth by the Department of Housing and Urban Development (HUD) regarding the provision of housing and community development activities that are intended to principally assist low and moderate income households.

The Consolidated Planning Process unifies the planning, application, reporting, and citizen involvement components of three HUD formula grant programs that are applicable to the state of Montana: the Community Development Block Grant (CDBG), the Home Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs. This document continues to promote opportunities for units of local government, the State, local housing and development officials, and other interested members of the community to coordinate and develop cohesive, attractive, safe, and economically vibrant local communities.

Montana has elected to issue separate documents for each major area of the consolidated plan process. The goal has been to simplify the documents and to allow earlier release of data to the public. The following research and analysis was either updated with new and more current data or conducted as an initial evaluation:

1. Economic and Demographic Analysis of Montana;
2. Economic Benefits of Housing and Infrastructure;
3. Montana Housing and Homeless Resource Directory;
4. The Montana Assisted Living Study, Demand for Assisted Living;
5. Analysis of Veterans in Montana;
6. The Analysis of Impediments to Fair Housing Choice; and
7. Inventory of Water and Wastewater Needs for Unincorporated and Non-District areas in the State of Montana.

These documents, in conjunction with previous Consolidated Plan reports, help individuals, communities, and organizations meet the three basic goals of the CDBG, HOME, and ESG programs and provide useful information for use by the public and legislature. These goals are: to secure decent housing, provide a suitable living environment, and expand economic opportunities.

The CP Action Plan for the period beginning April 1, 1997, provides details to citizens, public agencies, and other interested parties on the amount of assistance Montana expects to receive, the range of activities that may be undertaken, and the general program activities that may be planned in addressing the priority needs.

DEVELOPMENT PROCESS FOR UPDATING THE CONSOLIDATED PLAN

Updating the consolidated plan for housing and community development is an on-going process. Throughout this process, the State has tried to improve the delivery of assistance to the people of Montana. The State supports policies and programs that support affordable housing, facilities and services for the homeless, and other non-housing community development activities, such as

infrastructure enhancement and economic development. The process consists of several distinct steps, including:

1. Interagency cooperation and coordination;
2. Consultation and outreach with concerned citizens and organizations;
3. Advisory and policy formation functions;
4. Public awareness of the citizen involvement process; and
5. Delivery of program services.

Interagency Cooperation and Coordination

Members of the Consolidated Planning Review Committee, which comprised representatives of the HOME, CDBG, ESG, and MBOH programs met repeatedly over the plan development process to review the status of the action plan development. In addition, other agencies, such as the Montana Department of Environmental Quality, the Montana Board of Realty Regulation, and the Montana Human Rights Commission were solicited for input on specific topics of the Action Plan and supporting studies.

Consultation and Outreach with Citizens and Organizations

As part of the plan update, many outside agencies and individuals were contacted. Organizations and individuals were encouraged to provide statistics, data, and other information to aid in preparing the Action Plan, and related studies. A partial list of these organizations includes Community Housing Resource Boards, Council for Concerned Citizens, Montana Fair Housing, Battered Women's Network, Montana Legal Services, Habitat for Humanity, Native Action, Montana Landlords Association, Montana Association of Realtors, and the Montana Bankers Association.

Advisory and Policy Formation Functions

Throughout the year, MDOC has interacted with other agencies and organizations with a commitment to better develop housing strategies. MDOC has maintained its commitment to inform others of their responsibility to participate in the Consolidated Plan processes and to promote housing in local communities. In recent years, MDOC received broad-based support for a "team" approach to address housing needs and formed the CPS Steering Committee, a Housing Coordinating Team, and a group to evaluate how regulation affects affordable housing. These committees continue providing direction and input to the Consolidated Plan.

MDOC continues to advise non-profit groups about forming certified Community Housing Development Organizations (CHDOs). Only local units of government (cities, towns, and counties) and CHDOs are eligible to apply for HOME grant funds, under the HUD-approved program description. A MDOC-certified CHDO can apply for set-aside funds under the HOME program. More than 20 nonprofit organizations are certified as CHDOs.

To gather additional public input for the planning process, three public comment meetings are scheduled in December 1996. These meetings will be held at the following locations and times:

Hamilton	December 12	2:00- 3:30	Hamilton Courthouse, 205 Bedford
Malta	December 17	9:00-11:00	First State Bank of Malta, 1 S 1 East
Laurel	December 18	9:00-11:00	Public Library, 920 12th Avenue

Delivery of Program Services

The HOME program through a process of application and ranking will commit funds to firm projects during the fall and winter months to provide better alignment with the construction season. HOME application workshops will be held in several cities throughout the state during the months of April and May. Advance public notification will take place. The HOME application deadline will be September 15, 1997, and the Administration workshop will be held in January 1998.

The CDBG program, through a process of application and ranking, will commit funds to housing, public facilities, and economic projects. Application workshops for public facilities and housing will be held in several cities with advance notification. The public facilities application deadline is tentatively set for June 4, 1997, and the housing application deadline is tentatively set for October 1, 1997. Economic Development applications are received and awarded on an open cycle. A housing Administration Workshop will be held in January 1998.

The Emergency Shelter Grant program will continue to use HUD funds to improve the quality of existing emergency shelters for the homeless, meet the costs of operating shelters and provide essential social services to help prevent homelessness. Ninety percent of the funds received will be allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana. While the funds available to the ESG program are less than those allocated to Montana's HOME and CDBG programs, the regional organizations are extremely dependent on the assistance received from the yearly allocation.

Specific guidelines that relate to the individual programs for CDBG and HOME may be obtained by contacting the Department of Commerce. The Department of Public Health and Human Services may be contacted to obtain guidelines for the ESG program.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Consolidated Plan Update for plan year beginning April 1, 1997, included a number of studies and analyses. In addition to providing timely information on the current status of Montana's economy, population, and housing permit data, further analysis was conducted to estimate the impacts of housing and infrastructure expenditures on the State's economy and tax coffers. An update of the Inventory of Housing and Homeless programs was also released. Four additional special studies were conducted during the current planning cycle which related to housing and infrastructure needs. These were:

1. The Montana Assisted Living Study, Demand for Assisted Living;
2. Analysis of Veterans in Montana;
3. The Analysis of Impediments to Fair Housing Choice; and,
4. Inventory of Water and Wastewater Needs for Unincorporated and Non-District areas in the State of Montana.

The first analysis was done in response to comments received during the public review process for the 1996 Action Plan. The analysis addressed a particular type of senior living arrangement, and predicted the demand for assisted living. Assisted living facilities are designed for individuals in need of physical help with basic living activities, but not requiring the skilled care typically provided by a nursing home. The study is by county, quantifying estimates of those likely to need such a facility in the years 1997, 2002, 2007, and 2012.

The second analysis was requested by the 1995 Montana legislature, as House Joint Resolution Number 1. It requested the Montana Department of Commerce to consider veterans in all future housing analyses, and directed the Montana Board of Housing to determine if additional programs for veterans were necessary. While no specific survey of veterans was conducted, a variety of secondary data, and Home Mortgage Disclosure Act data, was collected and evaluated, related to veterans and veteran housing programs.

The third evaluation—Analysis of the Impediments to Fair Housing Choice (AI) in Montana— was actually an update of an earlier study. HUD's guidelines for preparing the analysis were released in March of 1996 and included Montana's original 1994 AI as an example. However, additional requirements for the AI were included in the 1996 federal guidelines, necessitating an update. The new study used primary and secondary research methods, as well as outreach to revise and expand the AI.

The fourth analysis presented an assessment of the cost to implement water and wastewater systems for rural unincorporated and non-district areas of the State. This study involved a mail survey to sanitarians and planners in all counties of Montana. Requests were made as to likely system requirements needed within 10 years. In cases where incomplete or non-quantified information was provided, engineering expertise was applied to determine the general level of need. Forty of Montana's 56 counties responded to the survey.

Each of these reports, along with economic, demographic, and economic benefits updates summaries, are available from the Montana Department of Commerce.

RESOURCES

FEDERAL RESOURCES EXPECTED

Community Development Block Grant Program (CDBG)

The CDBG program is administered by the Local Government Assistance Division and the Economic Development Division. For Plan Year beginning April 1, 1997, the state anticipates receiving $8,525,000 in federal CDBG funds. Of these dollars, a portion will be allocated for economic development projects, which is administered by the Economic Development Division. Another portion will be allocated for public facility projects, and for housing and community revitalization projects.

The MDOC Economic Development Division also manages an EDA/CDBG Revolving Loan Fund. Once loan repayments reach $100,000, funds will be available to lend to communities.

Home Investment Partnerships Program (HOME)

The HOME program is administered in the Housing Division. Funds are estimated at $3,431,000.

Emergency Shelter Grant Program (ESG)

The Human Services Bureau of the Montana Department of Public Health and Human Services (DPHHS) anticipates that $273,000 will be made available for the ESG program.

Low Income Housing Tax Credit Program (LIHTC)

The Low Income Housing Tax Credit Program is administered by the Montana Board of Housing. The Board receives authority to allocate the tax credit through the Internal Revenue Code, based on $1.25 per capita per year. Annual authority is estimated at $1.1 million.

STATE AND OTHER RESOURCES EXPECTED

Department of Natural Resources and Conservation (DNRC) Renewable Resources Development Program

The Renewable Resources Development Program is administered by the Montana Department of Natural Resources and Conservation (DNRC). Financial assistance is available to local governments in the form of grants or loans. Funds are used for grants up to $100,000 and to secure loans. The level of funding for Renewable Resource Development programs are projected to be approximately $1.5 million for each biennium. There is a loan limit per project of $200,000.

Treasure State Endowment Program (TSEP)

The Treasure State Endowment Program (TSEP) is a state funded grant and loan program designed to assist local governments in obtaining affordable financing for constructing or repairing drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. Approximately $6.8 million is available for grants and loans to local governments for the state FY 98-99 biennium.

The Community Technical Assistance Program (CTAP)

The Community Technical Assistance Program (CTAP) is a state program administered by MDOC to provide technical assistance to local governments and development groups on community planning, development, and finance issues and options. Services available from CTAP include individual local government planning and development assistance, public works financing assistance, and general community research assistance. CTAP also maintains a computerized public works money database to assist local governments with identifying funding options for infrastructure projects. The CTAP program also manages county land planning funds which are distributed to Montana county governments providing small grants for comprehensive planning, economic development planning, and capital improvements planning. These grant funds total approximately $161,000 annually for 56 counties.

MONTANA BOARD OF HOUSING PROGRAMS (MBOH)

The mission of MBOH is to alleviate the high cost of housing for persons and families below median income. The funds to operate the programs are generated through either the sale of tax-exempt bonds or administrative fees. Board programs fall into two categories: home ownership and multifamily programs. An additional program assists the elderly. Funds made available by the Board are dependent upon remaining available funds, and the prevailing market interest rates. If interest rates rise, the MBOH will likely issue additional bonds, as rates will be significantly below market rates. If interest rates fall, the Board likely will not conduct bond activities unless below-market rates are achievable.

ACTIVITIES
METHOD OF FUNDS DISTRIBUTION

Community Development Block Grant

Fund distribution for the CDBG **Housing and Community Revitalization** category is based on an annual competition held in the fall. The FFY 1997 deadline date will be October 1. Eligible applicants are limited to general purpose local governments: towns and cities under 50,000 population, and counties. The maximum grant request for a Housing and Community Revitalization project is $400,000. Existing grantees must significantly draw down their existing funds before they are eligible to apply for additional program funds.

The **Public Facilities** category is also based on an annual competition. The deadline date for the Plan Year will be June 4, 1997. General purpose local governments: towns and cities under 50,000 population and counties are eligible applicants. Each local government may apply for one housing project and one public facility project each program year. The maximum grant request for a public facility project is $400,000. Grantees must significantly draw down their existing funds before they are eligible to apply for additional program funds.

The **Economic Development** component of the CDBG Program expects to receive approximately $2.5 million, which is one-third of the annual allocation to the State of Montana. Eligible applicants are local governments, who in turn loan these funds to for-profit businesses who agree to create jobs for low and moderate income persons. Applications are accepted on a continuous basis as long as funding is available for each program year. The maximum funding amount is $500,000 per local government in a program year. Communities can reapply for more funding throughout the program year until they have reached the maximum amount to a local government of $500,000. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. The project application is then reviewed by Department staff and a loan review committee, which makes the recommendation to the Director, who makes the final funding decision.

Treasure State Endowment Program (TSEP)

Eligible applicants for the **TSEP** program include any incorporated city or town, county, or consolidated government, and county or multi-county water, sewer, or solid waste management districts. Matching grants are available for up to 50 percent of eligible project development costs. Grants and debt service subsidies are limited to $500,000 maximum.

HOME Program

Program funds for **HOME** are distributed through a competitive process of grant applications with a deadline date of September 15, 1997. Eligible applicants include general purpose local governments (counties, incorporated cities and towns, consolidated city-county governments), and Community Housing Development Organizations (CHDOs) certified by MDOC. The maximum request for a HOME project is $400,000. CHDOs receive a minimum 15 percent set-aside of

each fiscal year allocation. Existing grantees who have spent less than 75 percent of their prior grant awards are ineligible to apply for funds available this plan year.

MBOH Programs

The Single Family Program is ongoing based on availability and market interest rates. The Multifamily Risk Sharing Program issued a Request for Proposal beginning July 19, 1994, and applications are accepted on a monthly basis. The Reverse Annuity Mortgage Loan Program for elderly persons is ongoing. MBOH allocates Low Income Tax Credits through its qualified allocation plan at three set deadlines per year. For profit and non-profit entities are eligible. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the area's housing needs and priorities; projects servicing tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

Emergency Shelter Grant Program

The 10 regional Human Resource Development Councils (HRDC) receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the Federal Services Block Grant. This allocation reflects areas of poverty and general population.

LEVERAGING AND MATCHING FUNDS

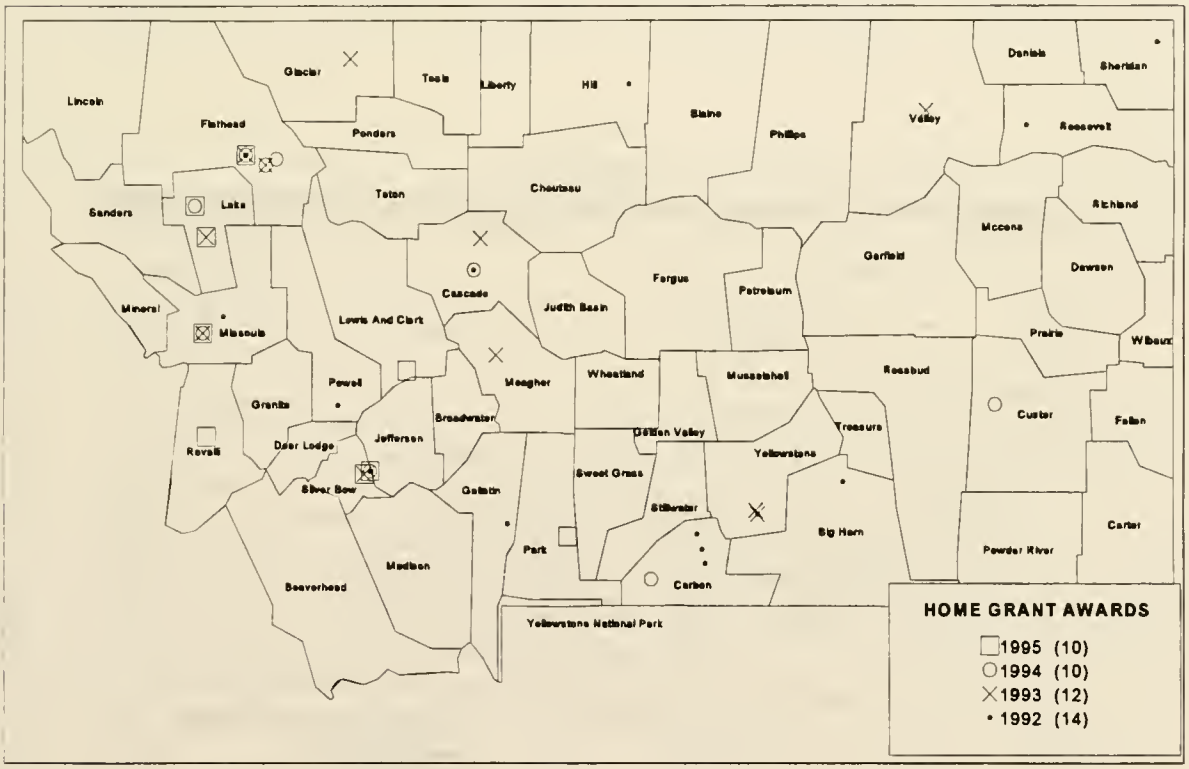
The CDBG Economic Development (ED) Program is a major player in economic development financing in Montana. Economic development projects have leveraged U.S. Small Business Administration programs such as the SBA 7A and 504 programs, Economic Development Administration local revolving loan funds, and the Rural Development Administration's Intermediary Relending Program. Economic development projects have also leveraged programs under the Montana Board of Investments, the Montana Science and Technology Alliance Program, the Montana Growth through Agriculture program, and the Job Investment Loan program. For matching funds, the Program requires one non-CDBG dollar for each dollar of nonadministrative CDBG funds requested. In the past, CDBG ED funds leveraged over three times the amount available for award by leveraging approximately $2.5 million loaned with approximately $7.7 million in other funds. This ratio is expected to continue. In the public facility category of the CDBG program, local governments must provide at least a 25% match of total CDBG funds requested. No match is required for CDBG housing projects.

HOME funds used for project activities must be matched at 25 percent. Based on last year's activities, the HOME program expects to incur a match liability of $170,000 with a leverage amount of $1.8 million.

GEOGRAPHIC DISTRIBUTION OF FUNDS

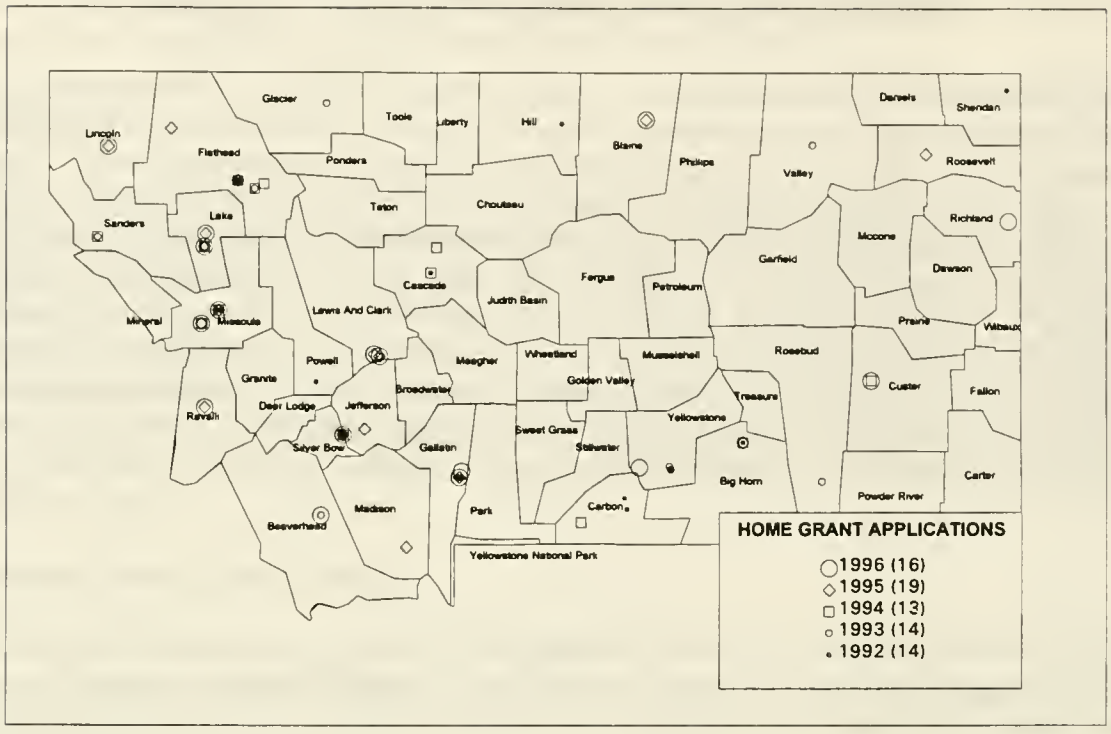
Housing and community development needs across Montana vary widely. The extreme diversity in available housing, age of housing stock, and overall range in population density complicate the assessment of the type and degree of housing and community development needs. MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the state, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the state. In order to better view the geographic dispersion of funding activities, by general funding activity type, several geographic maps have been prepared. Past HOME grant awards are in Map 1, below.

MAP 1
HOME GRANT AWARDS IN PLAN YEARS 1992 THROUGH 1995

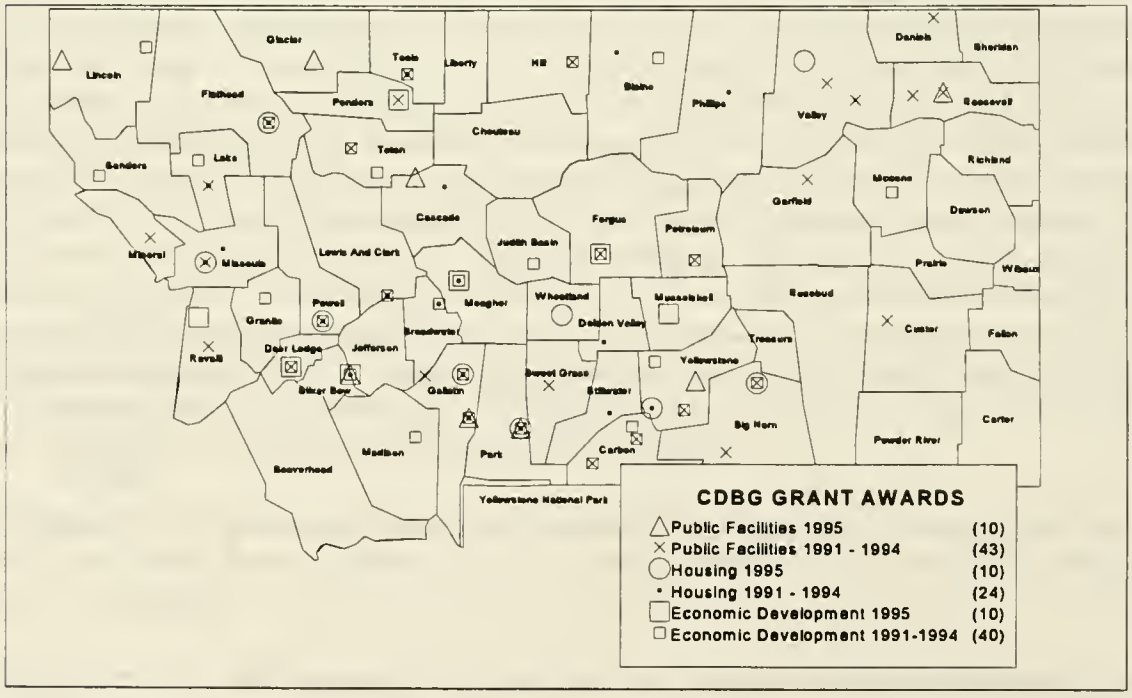


Map 2 illustrates HOME applications received from 1992 through 1996. The grant awards for the CDBG program, awarded during the 1991 through 1995 plan years, are presented in Map 3, on the following page. Map 4 presents similar data for the ESG program.

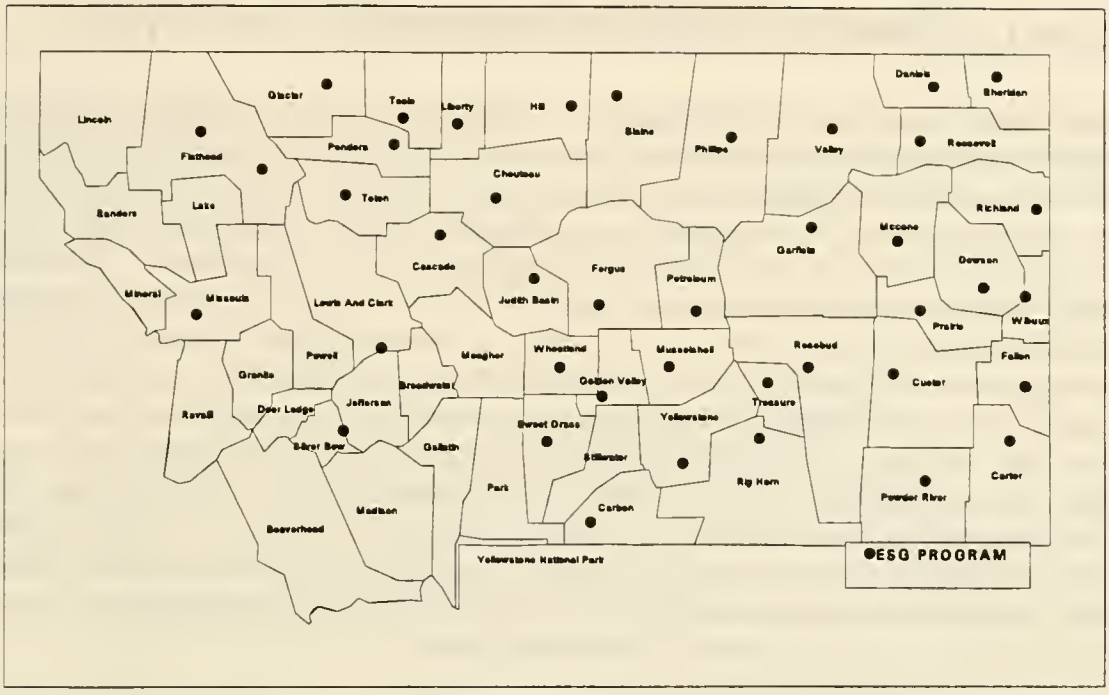
MAP 2
HOME APPLICATIONS RECEIVED IN PLAN YEARS 1992 THROUGH 1996



MAP 3
CDBG GRANT AWARDS IN PLAN YEARS 1991 THROUGH 1995



MAP 4
ESG PROGRAM ACTIVITIES IN PREVIOUS PLAN YEAR



HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Real help is enabling the homeless to rely on themselves. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance, is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and help the homeless in stages—to take them from an emergency shelter to permanent housing. The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual's or family's needs. The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training, and placement, and employment opportunities where the homeless can both acquire and put to use new work skills. The final stage is permanent housing or permanent supportive housing arrangements. While all three stages may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan.

A 1993 study by the Department of Social and Rehabilitation Services[1] lists recommendations on how to improve the conditions of the homeless population. It charges the Department of Public Health and Human Services (DPHHS) with the responsibility of ensuring the provisions of the 1990 National Affordable Housing Act in formulation the homeless sections of housing policies and strategies. Since the unsheltered homeless population shares similar needs with the rest of the homeless population, these recommendations are valid for both populations. These recommendations include:

1. Provide for those who are homeless in Montana; identify the causes of homelessness throughout the communities in Montana; develop inventories of available services; and design action plans in emergency needs, permanent housing needs, and design strategies to prevent homelessness, of populations with special needs.
2. More coordination among the state and local providers of care for the homeless is needed including additional training, workshops, etc. The provision of outreach programs is also needed.
3. DPHHS should develop a task force or coalition to generate on-going recommendations addressing the needs of the homeless population in Montana. This task force should include representatives from various groups and organizations who deal with the homeless.
4. DPHHS should devise a comprehensive state plan for addressing the needs of Montana's homeless population. This plan should assess the number, the needs, various homeless groups with special needs, and an evaluation of available federal programs and funding. Such a strategy would need to utilize the available resources and help mobilize the task force in its effort to combat homelessness.

[1] *The Sheltered Homeless Population of Montana*, 1993.

ACTIONS FOR UPCOMING PLAN YEAR

No single approach or unique priority fits all regions of Montana equally well. Acceptably addressing the range of severe needs, while allocating resource equitably, makes for a complicated housing and community development policy agenda. Nevertheless, Montana is committed to moving forward with a concrete set of objectives. These are:

Housing:

- Relieve the shortage of available housing stock;
- Increase the stock of affordable rental units, especially assisted units;
- Promote resources available to build affordable housing units;
- Increase ability of low and moderate-income households to buy homes;
- Increase resources to finance housing maintenance and improvements;
- Simplify housing assistance programs;
- Increase accessibility of Montana's housing stock;
- Increase energy efficiency in Montana's housing stock;
- Decrease housing environmental hazards, such as lead-based paint or asbestos;
- Continue ability of MDOC to provide technical assistance;
- Increase the supply of affordable rental units and for-purchase homes; and,
- Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing.

Homelessness:

- Secure available resources for persons requiring supportive and transitional services;
- Assist persons requiring supportive and transitional services to achieve permanent housing;
- Assist in meeting the supportive services needs for the homeless;
- Assist in increasing capacity and counseling services for runaway youth;
- Assist in securing stable funding sources for existing homeless facilities and services.

Economic Development:

- Encourage viable economic development projects that promote investment of private capital, diversification of industries, expansion of local tax bases, and creation of permanent, year-round jobs principally for low and moderate-income Montanans;
- Encourage projects that will involve basic economic activities, including manufacturing, import substitution activities, or the distribution of Montana-made goods;
- Encourage projects that involve the processing, refining, and marketing of Montana's natural resources;
- Continue to expend the annual CDBG ED allocation and access other sources of funds for maximum financial leverage;
- Allow local communities to identify their own needs and develop their own initiatives; and
- Assist the businesses and communities in achieving prosperity.

Infrastructure and Public Facilities:

- Examine results of the last two years of infrastructure inventories and analysis;
- Identify available level of resources necessary to address these needs over next biennium;
- Continue to provide technical assistance to communities; and,
- Fully award all CDBG public facility funds.

PROGRAM SPECIFIC REQUIREMENTS

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Montana administers nonentitlement Community Development Block Grant (CDBG) funds through the Community Development Bureau of MDOC. The CDBG program was established by the Federal Housing and Community Development Act of 1974 and has been administered by the state since 1982. The CDBG program is a federally funded competitive grant program designed to help communities of less than 50,000 population with their greatest community development needs. Eligible applicants are limited to general purpose local governments. All projects must principally benefit low and moderate income persons.

The primary objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities for persons of low and moderate income. Seventy percent of the funds must be used for activities that benefit low and moderate income persons.

The basic categories for local community development projects are housing, public facilities, and economic development. Some of the activities that can be carried out with CDBG funds include the acquisition of real property; rehabilitation of residential and non residential properties (including special facilities for the handicapped); construction of new, affordable housing (when sponsored by a non-profit organization); provision of public facilities and improvements such as water, sewer, or solid waste facilities or senior citizen centers; and assistance to for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

Method of Distribution
Grant Ceilings

The total amount of CDBG funds requested by an applicant (or joint applicants) must not exceed the following ceilings:

Type of Grant Ceiling	
Housing and Community Revitalization	$400,000
Public Facilities	$400,000
Economic Development	$500,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves or in combination with other proposed funding sources to complete the proposed activities within 24 months from the date of the announcement of grant award by the Department. There are no minimum amounts required for CDBG requests, although requests under $100,000 generally are discouraged.

Application Deadlines

Deadline (tentative)	Type of Grant
Public Facilities	June 3, 1997
Housing and Community Revitalization	October 1, 1997

Applications must be delivered or postmarked on or before the deadline date. Applications for economic development assistance can be made at any time.

Economic Development Ranking Criteria

For-profit businesses applying to the CDBG program under the sponsorship of a local government must meet certain thresholds to be considered for funding. These are listed in the CDBG ED Program's Application Guidelines. In addition, the community and business must demonstrate the following:

1. A quantifiable funding gap exists;
2. Management capacity;
3. Realistic historical and projected financial earnings;
4. Adequate security;
5. A sound, well-reasoned proposal;
6. Firm commitment of funds from private or public sector lenders;
7. Readiness to proceed;
8. The project will support itself over time; and
9. The level of CDBG assistance is appropriate in relation to the public benefit expected from the project.

Public Facilities Ranking Criteria

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1. Project Planning and Selection	75 Points
2. Need for Project	150 Points
3. Technical Review	100 Points
4. Community Efforts and Readiness	100 Points
5. Need for Financial Assistance	150 Points
6. Benefit to Low and Moderate Income	150 Points
7. Project Implementation and Management	75 Points
TOTAL:	800 Points

Housing And Community Revitalization Category Ranking Criteria

Housing and community revitalization applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1. Project Planning and Selection	100 points
2. Need	150 points
3. Community Efforts	100 points
4. Project Strategy and Impact	200 points
5. Benefit to Low and Moderate Income	150 points
6. Project Implementation and Management	100 points
TOTAL:	800 points

Brief Description of the CDBG Program Categories

1. Housing

For housing, CDBG funds are most often used to make low or no interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. CDBG funds can also be used to finance or subsidize the construction of new permanent residential units where the CDBG funds will be used by a local nonprofit organization. Housing projects can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing.

Transitional (temporary) housing is eligible under the public facilities category. The acquisition of sites for new housing and conversion of existing nonresidential structures for residential use are also eligible CDBG housing activities.

Over the past 12 years, CDBG has funded 58 housing projects that equal more than $22 million in CDBG funds alone.

2. Economic Development Projects

For economic development, Montana's CDBG program is designed to stimulate the economic development activity by assisting the private sector, in order to create or retain jobs for low and moderate income persons. CDBG funds are intended to be used in situations where a funding gap exists and alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing techniques and those of other federal programs such as the Economic Development Administration and Small Business Administration. The program is also designed to complement the Department of Commerce programs for business assistance such as those administered by the Economic Development Division, the Montana Board of Investments, and the Montana Science and Technology Alliance.

The CDBG economic development program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates, and by providing public improvements, such as sewer, water, and sidewalks, in support of economic development activities.

Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities and other improvements in support of economic development, such as water and sewer lines, and access roads; loans for acquisition, construction, rehabilitation, or

installation of commercial and industrial buildings, facilities, equipment, or working capital; employee training; and grants or loans from communities to nonprofit entities.

3. Public Facility Projects

For public facility projects, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer systems and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, and public nursing home facilities.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME program, administered by the Housing Division expands the supply of decent, affordable housing for low- and very low-income families; builds state and local capacity to design and carry out an affordable housing program; provides financial and technical assistance to participating jurisdictions, including model program development; and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.

The program allows a wide range of eligible activities, including tenant-based rental assistance; assistance to home buyers; property acquisition; new construction; reconstruction, relocation, or demolition; moderate or substantial rehabilitation; site improvements; and other activities to develop non-luxury housing.

Match Requirement

Required contributions, or "match," for grantee applicants is calculated at 12.5 percent of non-administrative HOME funds expended. The balance (12.5 percent) of the match requirement is provided by MDOC funds and/or utilizing previous years' excess match. The matching funds must be used for HOME-assisted or HOME-qualified projects. As a general rule, investments which are contributions from the State/local government or private sources will be eligible to qualify as a matching contribution. Eligible sources of match include: cash; the value of foregone interest, taxes, fees or charges by both public and private entities; value of donated land or real property; investments in on- or off-site improvements, bond financing, donated construction materials and voluntary labor. Ineligible match sources include federal funds and CDBG funds or owner financing.

Guidelines for Recapture or Resale

Based on the amount of HOME dollars invested, home ownership programs are subject to a period of affordability. In addition, sale of the property by the home buyer during the period of affordability is subject to resale restrictions or a possible recapture of the HOME subsidy. The resale provision provides for the initial property to remain affordable for the period of affordability. The subsequent purchaser must be low income and occupy the property as principal residence. The seller of the initial property will receive a fair return on his investment, but the

unit must also be "affordable" to the new purchaser. This can be accomplished with a deed restriction with the right of first refusal or purchase. The HOME investment subject to recapture is based on the amount of HOME assistance provided and the affordability period on which it is based. Repayment of HOME proceeds at transfer of the property must be reinvested to assist another home buyer to obtain a home. The purchaser must also be a low-income household and occupy the property as their principal residence. There are three methods of recapture that are acceptable:

1. Recapture the entire amount of the HOME investment, except that the amount may be reduced prorata based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
2. The net proceeds may be divided proportionally if the funds are not sufficient to recapture the full HOME investment plus enable the homeowner to recover a portion of his investment.
3. If agreed upon, the program may allow the homeowner to recover all of his investment before recapturing the HOME investment.

All cities (except Billings and Great Falls), urban counties, contiguous units of local government, and CHDOs (Community Housing Development Organizations, certified nonprofit organizations) are eligible to apply for HOME funds under the program administered by MDOC. A formula allocation of funds is distributed to each state and eligible city. MDOC, the City of Billings, and the City of Great Falls are the only participating jurisdictions in the state. Fifteen percent of funds are set aside for programs owned, developed, or sponsored by CHDOs. HOME funds are distributed on a competitive basis. All HOME funds must assist families below 80 percent of the median income.

HOME Application Deadline: **September 15, 1997**
HOME Award Date: **December 8, 1997**
HOME Administration Workshop: **January 1998**

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants (ESG), administered by the Family Assistance Division, are to help improve the quality of existing emergency shelters for the homeless, make available additional shelters, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The grants are 100 percent funded by the U.S. Departments of Health and Human Services and Housing and Urban Development. According to federal law, 90 percent of funds received must be allocated to the 10 regional Human Resource Development Councils (HRDCs). The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and the provision of follow-up and long-term services to help homeless persons escape poverty. Shelter to be assisted and service to be delivered are determined by the individual HRDCs receiving the allocated funds. In relative terms, these funds are small in comparison to Montana's HOME and CDBG funding allocations.

The Montana Emergency Shelter program distributes funds based upon a formula allocation. The amount of funds allocated is determined on the basis of poverty and general population in each

service area, relative to the poverty and general population of the entire state. Allocations of HUD ESG funds are as follows:

Funds are distributed to each Human Resource Development Council. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken, how matching funds will be realized and a certification of local approval verifying that budgets and work plans have been reviewed and approved by a representative of the respective jurisdiction. The Department of Public Health and Human Services will execute contracts with all HRDCs within thirty (30) days of HUD approval of this application.

Actual project proposals for ESG funds have included the renovation of a building (asbestos removal and lead abatement) in order to use it as a transitional facility. Funds are also used to provide medical services to homeless individuals and families, to pay for hotel/motel rooms for homeless individuals, to pay rent or mortgages for homeless families, and to provide support groups, individual counseling, referral, advocacy and transport to homeless persons. Shelters have used funds to pay rent or mortgages, pay utilities, buy furnishings, and pay for maintenance and operational costs of their facilities. ESG funds are also used to pay security deposits on rent or utilities (or first month's rent) to enable homeless families to move into their own dwellings. The state has elected to allocate its funding to the non-profit HRDCs.

VI. CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the Consolidated Plan, the State certifies that:

Affirmatively Further Fair Housing -- The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

2. Establishing an ongoing drug-free awareness program to inform employees about -

   (a) The dangers of drug abuse in the workplace;
   (b) The grantee's policy of maintaining a drug-free workplace;
   (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
   (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;

4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -

   (a) Abide by the terms of the statement; and
   (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -

   (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

   (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying -- To the best of the state's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME and ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR 135.

_____ _____

Jon Noel
Director, Department of Commerce
representing CDBG and HOME programs

Date

_____ _____

Roger La Voie
Administrator, Family Assistance Division
Department of Public Health and Human Services
representing ESG program

Date

Specific CDBG Certifications

The State certifies that:

Citizen participation -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 24 CFR § 91.115, and that each unit of general local government that is receiving assistance from the State is following a detailed citizen participation plan that satisfies the requirements of 24 CFR § 570.486.

Consultation with local governments -- It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

2. It engages or will engage in planning for community development activities;

3. It provides or will provide technical assistance to units of general local government in connection with community development programs;

4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification -- It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of funds -- It has complied with the following criteria:

1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;

2. Overall Benefit. The aggregate use of CDBG funds, including section 108 guaranteed loans during program years(s) 199_, __, and __. (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. Special Assessments. The state will require units of general local government that receive CDBG funds to certify to the following:

   It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

   However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds.

   It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital cost of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive force – It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws – The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws -- It will comply with applicable laws.

_____ _____

Jon Noel Date

_____

Director, Department of Commerce
representing CDBG and HOME programs

ESG Certifications

The State seeking funds under the Emergency Shelter Program (ESG) certifies that it will ensure that its recipients of ESG funds comply with the following requirements:

Major rehabilitation/conversion -- In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major, the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

Essential Services -- Where the assistance involves essential services or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served.

Renovation -- Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services -- It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance for such individuals.

Matching Funds -- It will obtain matching amounts required under 24 CFR § 576.71.

Confidentiality -- It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter.

Homeless Persons Involvement -- To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted through this program, and in providing services for occupants of facilities.

Consolidated Plan -- It is following a current HUD-approved Consolidated Plan or CHAS.

_____ _____

Roger La Voie Date

_____

Administrator, Family Assistance Division
Department of Public Health and Human Services
representing ESG program

Specific HOME Certifications

The State certifies that:

Tenant Based Rental Assistance -- If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

Eligible Activities and Costs -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance -- Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

_____ _____

Jon Noel Date

_____

Director, Department of Commerce
representing CDBG and HOME programs

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).

4. For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions.)

5. Workplaces under grants for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the changes(s), if it previously identified the workplaces in question (see paragraph five).

8. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

_____
_____
_____
_____
_____

Check ___ if there are workplaces on file that are not identified here; The certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

9. Definitions of terms in the nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statue" means a Federal or non-Federal criminal statue involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (I) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).